

Message Text

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ORIGIN EB-11

INFO OCT-01 NEA-10 ISO-00 L-03 SSO-00 INRE-00 CAB-09

CIAE-00 COME-00 DODE-00 INR-10 NSAE-00 RSC-01 FAA-00

SPC-03 /048 R

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FM SECSTATE WASHDC

TO AMEMBASSY BEIRUT IMMEDIATE

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E.O. 11652:N/A

TAGS: ETRN, LE

SUBJECT: CIVAIR - CHANGES IN PAN AMERICAN'S PATTERN OF
OPERATIONS

REF: STATE 154775

1. THERE FOLLOWS THE TEXT OF A NOTE (OR AIDE MEMOIRE, IF THE EMBASSY PREFERENCES) AND ATTACHMENT, INTENDED TO PROVIDE THE GOL WITH ADVANCE NOTICE OF CHANGES PAN AM IS PLANNING TO INTRODUCE IN ITS ROUND-THE-WORLD AND RELATED NEAR EAST SERVICES NEXT SPRING. UNLESS EMBASSY HAS OBJECTIONS, THIS MATERIAL SHOULD BE DELIVERED TO THE GOL ASAP. (THE URGENCY IS CAUSED BY NECESSITY OF PAN AMERICAN "REVEALING" AT LEAST GENERAL OUTLINES OF ITS PLANNED CHANGES DURING AN IATA MEETING STARTING NOVEMBER 12, AND OUR INTEREST IN GIVING GOL ITS FIRST - OR HOPEFULLY AT LEAST SIMULTANEOUS - NOTIFICATION OF THE CHANGES ON GOVERNMENT TO GOVERNMENT BASIS. WE WILL POUCH FYI A MORE DETAILED DISCUSSION OF WHAT THE PAA CHANGES WILL ENTAIL.

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2. THE CHANGE WHICH IS LIKELY TO CAUSE THE MOST CONCERN IS THE IMPROVEMENT IN LONDON-BEIRUT SERVICE FROM A DAILY TWO-STOP 747 TO A FOUR TIMES WEEKLY 747 NONSTOP AND A THREE TIMES WEEKLY 747 ONE-STOP. THE FAIRLY SUBSTANTIAL INCREASE

IN CAPACITY IN THE BEIRUT-TEHRAN MARKET WILL PRESUM-
ABLY ALSO CAUSE RAISED EYEBROWS. IN PRESENTING THE FOLLOW-

ING MATERIAL, EMBASSY SHOULD THEREFORE NOTE ORALLY (AND
CAN EXPAND ON THE THEME LATER IF CHALLENGED BY GOL OR
AIRLINE OFFICIALS) THAT USG HAS GIVEN CAREFUL CONSIDERA-
TION TO PLANNED PAN AM CHANGES IN VIEW OF THE SEVERAL
LEBANESE CONCERNS EXPRESSED AND THE COMMITMENTS WE HAVE
UNDERTAKEN IN THE JUNE 13, 1972 MEMO OF CONSULTATION.
WEIGHING THE VARIOUS ASPECTS OF PAN AMERICAN'S OPERATIONS
AND THE FACTORS IMPACTING ON THEM WITHIN THE BILATERAL
FRAMEWORK, WE HAVE CONCLUDED THAT THE OVERALL BALANCE
STRUCK IN THE PATTERN OF OPERATIONS (WHICH DEFINITELY HAD
TO UNDERGO CHANGES) IS NOT UNFAVORABLE TO LEBANESE IN-
TERESTS. FOR EXAMPLE, THE LONDON-BEIRUT CHANGES RESULT IN
NO INCREASE IN CAPACITY AND ARE BROUGHT ABOUT BY THE
NECESSITY OF ELIMINATING THE FRANKFURT STOP ON THAT SERV-
ICE. (IN ADDITION, MEA'S NONSTOP SERVICE WILL REMAIN MUCH
MORE SUBSTANTIAL THAN PAN AM'S.) THERE ARE, IN ADDITION,
VERY SIGNIFICANT REDUCTIONS IN THE CAPACITY PAN AM WILL
OFFER IN OTHER SENSITIVE MARKETS (NOTABLY FRANKFURT-
BEIRUT AND ISTANBUL-BEIRUT). IN THE BEIRUT-TEHRAN
MARKET, MEA AND IRAN AIR APPARENTLY STILL ARE NOT OPERAT-
ING, SO THERE SHOULD BE NO IMMEDIATE CONCERN. IN THE
LONGER RUN, THE LEBANESE HAVE PUT US ON NOTICE - AND IT
IS ONLY REASONABLE TO ANTICIPATE - THAT PAN AM CANNOT EX-
PECT TO CONTINUE TO DOMINATE THAT MARKET ONCE A
LEBANESE (AND/OR IRANIAN) CARRIER REENTERS IT.

TEXT OF NOTE OR AIDE MEMOIRE

FOR A NUMBER OF YEARS PAN AMERICAN WORLD AIRWAYS
HAS BEEN OPERATING A ROUND-THE-WORLD SERVICE. THE PRINCI-
PAL REASON FOR THIS SERVICE HAS BEEN, OF COURSE, TO
MEET THE NEEDS OF THE LARGE NUMBERS OF AMERICANS TRAVELING
BETWEEN THE UNITED STATES AND VARIOUS COUNTRIES ON THE
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GLOBE, AS WELL AS THOSE ADVENTURESOME TOURISTS WHO ACTUALLY
MAKE THE COMPLETE ROUND-THE-WORLD TRIP AS A VACATION
EXPERIENCE. IN ADDITION, PAN AMERICAN'S SERVICE HAS PRO-
VIDED TRANSPORTATION FOR MANY PASSENGERS OF OTHER COUNTRIES
TRAVELING TO OR FROM THE US AS WELL AS COINCIDENTALLY
BETWEEN POINTS TOUCHED BY THE ROUND-THE-WORLD OPERATION,
POINTS SOMETIMES NOT ESPECIALLY WELL SERVED BY OTHER
AIRLINES.

DURING 1971, BECAUSE OF GROWING TRAFFIC AND THE ECONO-
MIES INHERENT IN THE USE OF NEW WIDE-BODIED AIRCRAFT,
PAN AMERICAN INTRODUCED BOEING 747 EQUIPMENT ON THE COM-
PLETE ROUND-THE-WORLD ROUTING. THE EXPERIENCE OF THIS

AIRCRAFT HAS MORE THAN JUSTIFIED ITS USE, BUT AT THE SAME TIME MADE CLEAR A REQUIREMENT FOR SOME MAJOR ALTERATIONS IN THE SERVICES PROVIDED IN ORDER TO BRING BACK TO

THE ROUND-THE-WORLD THE OPERATIONAL RELIABILITY DEMANDED BY PASSENGERS.

MANY FACTORS HAVE INFLUENCED THIS REQUIREMENT FOR CHANGE. AMONG THE MOST SIGNIFICANT ARE THE NEED TO ELIMINATE SOME STOPS ON THE SERVICE IN ORDER BOTH TO REDUCE SCHEDULE DELAYS AND TO PROVIDE SUFFICIENT TIME EN ROUTE TO RECOVER FROM DELAYS WHICH OCCASIONALLY OCCUR. AIRPORT CURFEWS AT HONG KONG AND TOKYO MAKE THEIR INFLUENCE FELT ALL ALONG THE LINE, AS HAVE THE GENERAL CONGESTION AND AIR TRAFFIC CONTROL PROBLEMS IN FRANKFURT. COMPLICATING THE SCHEDULING FURTHER IS THE OBVIOUS REQUIREMENT FOR A VARIETY OF CAREFULLY COORDINATED CONNECTIONS WITH OTHER US ORIGIN OR DESTINATION FLIGHTS AT VARIOUS POINTS ALONG THE ROUND-THE-WORLD ROUTING.

THE LIST OF FACTORS COULD BE CONTINUED AT LENGTH, BUT THE MAIN POINT IS THAT ALL THESE FACTORS HAVE COMBINED TO CREATE AN IMPERATIVE FOR A MAJOR RESTRUCTURING OF THE ROUND-THE-WORLD SERVICE, AS WELL AS CERTAIN CONNECTING SERVICES AT KEY TRAFFIC CENTERS.

BEARING IN MIND THE OPEN AND POSITIVE CIVIL AVIATION RELATIONSHIP WHICH HAS LONG EXISTED BETWEEN THE UNITED LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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STATES AND LEBANON, AS WELL AS THE SERIOUS COMMITMENT UNDERTAKEN BY US OFFICIALS IN JUNE 1972 TO CAREFULLY REVIEW ANY SIGNIFICANT CHANGES IN PAN AMERICAN'S PATTERN OF OPERATIONS OR CAPACITY OFFERED, THERE IS ATTACHED A BRIEF DESCRIPTION OF HOW THE CHANGES IN PAN AM'S OPERATIONS WILL AFFECT ITS SERVICES TO LEBANON. IT IS THE CONVICTION OF THE USG, AFTER CAREFUL REVIEW OF ALL ASPECTS OF THE SITUATION THAT THESE REVISED SERVICES ARE CONSISTENT WITH THE US-LEBANON AIR TRANSPORT AGREEMENT AND RELATED BILATERAL UNDERSTANDINGS.

ATTACHMENT:

THE SEVERAL CHANGES WHICH PAN AMERICAN ANTICIPATES INTRODUCING IN ITS ROUND-THE-WORLD AND CONNECTING SERVICES ARE, WITH ONE EXCEPTION, PLANNED TO GO INTO EFFECT ON APRIL 28, 1974. (THE EXCEPTION IS THE DISCONTINUATION OF ALL DIRECT SERVICE BETWEEN THE US AND BEIRUT VIA PARIS AS OF OCTOBER 28, 1973.)

THE BASIC RESULT OF THE VARIOUS CHANGES IS COMPARA-

TIVELY MODEST INCREASE OF 14 PERCENT IN THE TOTAL SEATS PAN AMERICAN WILL OPERATE TO AND FROM BEIRUT. WEEKLY FREQUENCIES WILL INCREASE FROM 11 TO 14.

WHILE BEIRUT WILL REMAIN A KEY POINT ON PAN AMERICAN ROUND-THE-WORLD ROUTING, RETAINING A DAILY SERVICE, THE VARIOUS CHANGES WILL AFFECT THE SERVICE OFFERED ON A VARIETY OF SECTORS IN DIFFERING WAYS. LOOKED AT ON A MARKET BY MARKET BASIS, THE SIGNIFICANT ASPECTS OF THE NEW ARRANGEMENT APPEAR TO BE THE FOLLOWING:

TO/FROM THE UNITED STATES - A NEW FOUR TIMES A WEEK SERVICE FROM WASHINGTON, D.C. WILL BE INTRODUCED, USING 707 AIRCRAFT. NEW YORK-BEIRUT FREQUENCIES WILL BE REDUCED FROM 11 TO 10 PER WEEK, WITH A CORRESPONDING DECREASE IN SEATS OFFERED OF 5 PERCENT.

TO/FROM FRANKFURT - THE CURRENT DAILY SERVICE (VIA FRANKFURT) WITH 747 AIRCRAFT WILL BE SUBSTANTIALLY REDUCED
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TO A FOUR TIMES PER WEEK SERVICE WITH 707 EQUIPMENT. THE RESULTING REDUCTION IN CAPACITY EQUALS 78 PERCENT.

TO/FROM ISTANBUL - THE CURRENT DAILY 747 SERVICE WILL BE MODIFIED TO A THRICE WEEKLY SERVICE WITH 747 EQUIPMENT AND FOUR TIMES A WEEK WITH 707 EQUIPMENT. THE TOTAL NUMBER OF SEATS OFFERED IN THIS SECTOR WILL THUS DECLINE BY 35 PERCENT.

TO/FROM PARIS - AS NOTED, ALL DIRECT SERVICE HERETOFORE PROVIDED BY PAN AM HAS TERMINATED.

TO/FROM LONDON - CAPACITY OFFERED AND FREQUENCY OF OPERATION REMAIN UNCHANGED. THE ONLY ALTERATION IN THIS SERVICE IS THAT, DUE TO THE ELIMINATION OF FRANKFURT AS A POINT ON THE ROUND-THE-WORLD SERVICE, THERE WILL BE FOUR NONSTOPS AND THREE FLIGHTS VIA ISTANBUL PER WEEK.

TO/FROM ROME - A 25 PERCENT REDUCTION IN CAPACITY WILL RESULT FROM A DECREASE FROM THE CURRENT FOUR FREQUENCIES PER WEEK TO THREE PER WEEK.

TO/FROM TEHRAN - THE CURRENT SERVICE OF THREE 747 AND TWO 707 FLIGHTS PER WEEK WILL BE INCREASED TO FOUR 747 FLIGHTS AND THREE 707 FLIGHTS. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR ROUTES, AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE221873
Document Source: ADS
Document Unique ID: 00
Drafter: EB/AN:PJGLASOE:DAP
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731167/abqcejrr.tel
Line Count: 215
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 154775
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2001 by boyleja>; APPROVED <10-Aug-2001 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - CHANGES IN PAN AMERICAN'S PATTERN OF OPERATIONS
TAGS: ETRN, LE, US, PANAM
To: BEIRUT
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005